No. 89-1193

Supreme Court, U.S.
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In The

Supreme Court of the United States

October Term, 1990

B & H INDUSTRIES OF SOUTHWEST FLORIDA, INC.

Petitioner,

V.

RICHARD A. DIETER et al.,

Respondents

PETITIONER'S REPLY TO THE NEW ISSUES RAISED BY THE BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

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I. SUMMARY OF THE ARGUMENT

Petitioner concurs with the Solicitor General that certiorari should be granted. However, if the Solicitor General's proposal, based upon his analysis of trademark law and this Court's decision in Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189 (1985) ("Park 'N Fly"), were adopted by this Court, it would result in an unwarranted and dangerous de facto amendment of the Federal Trademark Statute, 15 U.S.C. §§ 1051 et. seq. ("The Lanham Act").

In addition, Petitioner urges this Court to review all questions presented in the Petition for Certiorari ("Petition"), as this case presents an important issue of appellate practice which should be reviewed.

II. THE PANEL'S REVERSAL OF FACT FINDINGS WITHOUT HAVING REVIEWED THE TRIAL EXHIBITS WARRANTS REVIEW

There is no question that the Court of Appeals' ("the Panel") record did not include the 38 trial exhibits relied upon by the District Court. (Appendix, p. A22-A77). Rather, the Solicitor General contends that this issue does not merit review without proof of specific harm to Petitioner. There is no basis for placing such a burden on Petitioner.[1] Petitioner simply was not

[1]How could Petitioner possibly meet such a burden? One can only guess what the Panel would have done if it had had the exhibits. But, without the review to which it was entitled, Petitioner now faces a possible retrial of the issues determined by the District Court (based on the entire record), a determination upon which it has relied in continuing to use and invest in a trademark the District Court said it had every right to use. Further, the Solicitor General's

given the fair and complete review required by the Supreme Court authority set forth in the Petition (Pet., pp. 39-41).

The duty of an appellate court not to disturb findings of fact unless they are found to be clearly erroneous after a review of the entire record is one of the most basic precepts of appellate review. Clearly, what the Panel did in this case "...so far departed from the accepted and usual course of judicial proceedings... as to call for an exercise of this Court's power of supervision." Sup.Ct. Rule 10.1(a).

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suggestion that Panel members may have traveled to Tampa to review the exhibits is mere speculation (S.G. Brief, pp. 10-11, n. 8). All the Panel had to do was instruct the District Court clerk to supplement the record under Rule 10(e), F.R.App.P, and the exhibits would have been transmitted.

III. CREATING AN ENTIRELY NEW EVIDENTIARY PRESUMPTION WOULD RESULT IN AN UNWARRANTED AND DANGEROUS JUDICIAL AMENDMENT OF THE FEDERAL TRADEMARK STATUTE

There is no dispute that there are two separate elements that a trademark infringement plaintiff must prove; namely, 1) the plaintiff's mark is valid; and 2) the plaintiff's mark is protectible against the defendant's use of the accused mark, i.e., the defendant's use of its mark is likely to cause public confusion. Both issues involve a consideration of the strength of the plaintiff's mark. In Park 'N Fly, this Court determined that a plaintiff is entitled to rely on statutory presumptions that preclude "a substantive challenge to the validity of an incontestable mark on the grounds that it

lacks secondary meaning." Park 'N Fly, 469 U.S. at 203.

The question before this Court now is: was the Panel correct in holding that this presumption also applies in connection with the likelihood of confusion analysis?[2]

The Solicitor General concedes that the Panel's decision is not mandated by this Court's decision in Park 'N Fly (S.G. Brief, p. 13):

> To be sure . . . this Court's decision in Park 'N Fly does not dictate the presumption of relative strength adopted by the court of appeals.

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[2]This was the determinative issue in this case, since the Panel agreed with the District Court's finding that Respondent failed to establish secondary meaning (Appendix, p. A9).

There was no binding precedent requiring this result.[3] Nor does the Lanham Act contain the presumption created by the Panel, even though it contains a specific list of other evidentiary presumptions. Adding another statutory presumption is the job of Congress, not the courts, and no such presumption was added when Congress amended Section 33(b)

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[3]The Panel acknowledged that it was a case of first impression for the Eleventh Circuit (Appendix, p. A17). In fact, virtually all cases involving this issue since the Park 'N Fly decision support Petitioner's position that no such presumption is available. In addition to those outlined in the Petition, the Solicitor General has cited an August 2, 1990, decision by the Seventh Circuit Court of Appeals supporting Petitioner's position. Munters Corp. v. Matsui Am., Inc., 730 F.Supp. 790 (N.D. Ill. 1989), aff'd, 909 F.2d 250, (7th Cir. 1990). See also, Cullman Ventures Inc. v. Columbian Art Works, Inc., 13 U.S.P.Q. 2d 1257 (S.D.N.Y. 1989); Keds Corp. V. Renee Int'l Trading Corp., 888 F.2d 215 (1st Cir. 1989).

after the Park 'N Fly decision. There is no basis whatsoever for creating the implied presumption of strength advocated by the Solicitor General. Such a judicial amendment is unwarranted and unwise.

A. The Issues of Validity and Protectibility are Separate and Distinct

To apply a presumption of "middling" (S.G. Brief, p. 12) strength in connection with the issue of a trademark's validity makes sense. A merely descriptive mark is not entitled to registration unless it achieves a minimum level of distinctiveness. Once the United States Patent and Trademark Office ("PTO") grants a registration and accepts the incontestability declaration, this minimal level required under the

registration provisions of the statute should be presumed in a case in which the registrant's rights are being challenged.

In Park 'N Fly, this Court held that the purpose behind granting incontestable status was to provide a means for quieting title to the property in a trademark. Park 'N Fly, 469 U.S. at 198, citing Hearings, H.R. 82, 78th Cong., 2d Sess., pp. 112 and 144 (1944). See also, Hearings, S.895, 77th Cong., 2d Sess., p. 15 (1942).

This quieting of title is satisfied if a registrant's rights can no longer be easily challenged. In Park 'N Fly, the defendant sought cancellation of the asserted registration and claimed that the plaintiff's mark was unenforceable. In contrast, no such

challenge to the registrant's rights is before the Court in this case. Petitioner does not challenge the validity of Respondent's registration. Rather, Petitioner contends that the weakness of the mark, as well as the other likelihood of confusion factors considered by the District Court, prevented Respondent from succeeding in this case.

Indeed, the issue of a trademark's protectibility is entirely different from the question of its validity. The extent to which a registrant's (presumably valid) rights will be protected in the likelihood of confusion analysis focuses on consumer

perceptions[4], based on the facts of a particular case. This requires much more than a simple administrative act.

To preclude a defendant from attacking the strength of a plaintiff's mark in connection with the protectibility issue would be inappropriate, as this is the most crucial factor in the likelihood of confusion analysis. (Appendix, pp. A8, A56).

In the likelihood of confusion context, a defendant may take the position that a plaintiff's registration is valid and that a

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[4]Trademarks are judged and protected in accordance with their distinctiveness. "...[T]he weaker the mark the less likely it is that consumers will view it as an indication of origin." Plus Products v. Plus Discount Foods, Inc., 722 F.2d 999, 1006 (3rd Cir. 1983). See generally J. Gilson Trademark Protection and Practice, § 2.01 (1990).

registered mark is presumed to have the minimal level of distinctiveness required under the registrability provisions of the statute.[5] However, that same defendant should be allowed to prove that those presumed rights are not strong enough to support a finding of infringement under the particular facts of its case.

The Solicitor General's proposed judicial amendment would create a presumption which would eliminate or ease a plaintiff's

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[5]The Solicitor General urges a presumption of "middling" strength (S.G. Brief, p. 12). The Panel's went much further reversing the District Court's finding that Respondent's mark was "not entitled to strong protection. . . ." (Appendix, A19). Emphasis added.

burden of proof[6] based on nothing more than past administrative acts that may or may not have resulted from a considered evaluation of the mark's strength.[7] Such administrative acts simply cannot "make a weak mark strong". Oreck Corp. v. U.S. Floor Systems, Inc., 803

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[6]Establishing that an initially weak mark has become strong has been widely acknowledged to be a heavy burden indeed. J. Gilson, 1 Trademark Protection and Practice, § 2.09[2] (1990).

[7]This case differs dramatically from the case before this Court in Park 'N Fly, as the PTO had specifically denied registrability based on descriptiveness, and arguments were submitted seeking reconsideration of this finding in that case. Upon reconsideration, a registration issued. Here, there was no such rejection and no such submission or reconsideration. Further, the acceptance of the incontestability affidavit does not include an evaluation of the basic concepts of registrability at all.

F.2d 166, 171 (5th Cir. 1986), cert. denied, 481 U.S. 1069 (1987).

B. The Proposed Judicial Amendment Is Unrealistic

The Solicitor General's proposed presumption of strength would presumably be in effect from the moment the registration achieves incontestable status. But, what if a mark's strength diminishes over time? A court should be able to measure the strength of the mark in determining the issue of likelihood of confusion at the time of the challenge, taking current marketplace realities into account. A mark may have been registerable at the time the registration was

issued and yet later become descriptive.[8] The Lanham Act expressly recognizes this potential for change. Even an incontestable registration may be canceled or defended against if the mark is subsequently abandoned, "if the mark becomes" generic or "is being used" to violate the antitrust laws or "is being used" so as to misrepresent the source of the goods or services. (15 U.S.C. §§ 1064, 1115).

Adopting the Solicitor General's position would be highly detrimental to anyone conducting business in the United States. U.S. Courts could no longer consider a trademark's weakness in infringement

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[8] 20th Century Wear, Inc. v. Sanmark-Stardust, Inc., 747 F.2d 81, 86 (2d Cir. 1984), cert. denied, 470 U.S. 1052 (1985).

actions involving incontestable trademark registrations, and would be forced to decide such cases on essentially hypothetical facts.

The unrealistic nature of such an approach is especially evident in a case such as this where Respondent's trade name was held to be generic and Respondent failed to convince the District Court that its trademark SHUTTERWORLD was strong. (Appendix, pp. A 59-61). To afford relief to a plaintiff under these circumstances simply because certain documents were filed with the PTO would alter significantly the most fundamental basis of U.S. trademark laws, to "secure trademark owners in the goodwill that they have built up." Park 'N Fly, 469 U.S. 213-24 (J. Stevens, dissent). If a trademark

owner has not "built up" or maintained a sufficient amount of goodwill to support an injunction against a particular defendant's use of its mark, "it seems difficult to believe that anyone would be likely to confuse anybody," id., and a court should have the power to so rule.

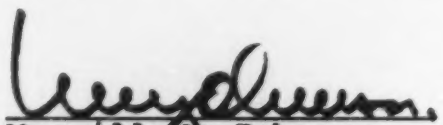
IV. CONCLUSION

Petitioner submits that its Petition and Appendix, the Opposition filed by Respondent, Petitioner's Reply to the New Issue Raised by Respondent's Opposition, the Brief for the United States as Amicus Curiae, and this Reply to the New Issues raised by the Brief for the United States have raised and thoroughly addressed all of the issues and, accordingly, the case is appropriate for

summary disposition on the merits under this Court's Rule 16.1.

Alternatively, Petitioner requests the Court to grant the Petition as to all questions presented and order the case to stand for briefing and oral argument pursuant to Rule 16.2.

Respectfully submitted,



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